

State Tax Burden

Type of Tax	Fiscal Year 2004 vs 2006		Based on Income		Based on Population		Number of States* with Tax
	% of U.S. Average	Rank	% of U.S. Average	Rank	% of U.S. Average	Rank	
Individual Income	108/115	21/18	89/93	31/27	44		
Corporate Income	79/95	27/23	65/77	30/30	47		
Sales	109/97	18/26	89/78	31/38	47		
Motor Vehicles	158/154	5/5	129/125	13/11	51		
Property	88/87	31/31	72/70	37/38	51		
Overall	97/95	27/34	79/77	43/46	51		

*Includes Washington, D.C.

- ◆ The State Tax Commission conducts a tax burden study periodically which compares Idaho's taxes to the national average after adjusting for differences in personal income or population among the states (*Comparative Tax Potential: Fiscal Year 2006*, Alan Dornfest, June 2008). The comparison based on income shows higher comparative taxes in Idaho than the ranking based on population because per capita income in Idaho is 19.2% lower than the U.S. average. We make less, so we pay less, but taxes take up a larger proportion of our income.
- ◆ Idaho's income tax burden fell relative to other states between 2002 and 2004. Idaho's income based ranking dropped from 27th to 34th and the population based ranking dropped from 43rd to 46th.
- ◆ Idaho's relative sales tax burden dropped significantly in 2006, following a temporary drop in the tax rate from 6% to 5%.
- ◆ The study ranks Idaho motor vehicle taxes higher than most states. This comparison takes registration fees into account, but not sales taxes on fuel or personal property taxes. A June 2006 comparison by the Washington State Department of Transportation put Idaho at 22nd based on fuel tax rates.
- ◆ Based on income, Idaho's tax burden ranks in the bottom half of states in the Property Tax (31st out of 51) and Sales Tax (26th out of 47). Based on population, Idaho's tax burden ranks in the bottom half of states in all categories except Motor Vehicles.
- ◆ Overall, Idaho's FY 2006 tax burden from *major* state and local taxes ranks 5% below the US average based on personal income and 23% below the US average per capita.